



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10
2201 Sixth Avenue, MS/RX-43
Seattle, Washington 98121

October 8, 2003

Dennis Braddock, Secretary
Department of Social and Health Services
Washington State
P.O. Box 45010
Olympia, WA 98504

Dear Mr. Braddock:

This letter is written in response to your August 1, 2003 request to amend the Integrated Mental Health Services waiver program authorized under section 1915(b) of the Social Security Act.

After extensive analysis of your request and review by the Centers for Medicare and Medicaid Services (CMS), we believe additional information is required. All waiver requests under section 1915(b) of the Act are subject to requirements that the State document the cost-effectiveness of the project, its effect on beneficiary access to services, and its projected impact on the State's Medicaid Program (42 CFR 431.55(b)(2)). Your current request does not provide sufficient documentation to determine whether or not these requirements are met. Please respond to our comments/questions, which have been attached. Your response will allow us to proceed with the approval of your renewal request.

Under section 1915(f)(2) of the Act, a waiver must be approved, disapproved, or additional information requested within 90 days of receipt, or else it will be deemed granted. In this case, the 90-day period ends on October 29, 2003. This request for additional information will, however, stop the 90-day clock, which will restart at day one, once the information is submitted to us. In order to facilitate a timely completion of our review of your waiver renewal request, your response to this request for additional information should be submitted for review no later than 90 days from the date of this letter.

I would also like to take this opportunity to remind you that the response to Term and Condition #5 of the previous renewal of this waiver program related to rates and service provision to non-Medicaid eligibles is due to CMS by November 30, 2003. In addition, the current authority to operate the Washington Integrated Community Mental Health Services program expires on March 4, 2004. If the State decides to request a renewal of

this waiver authority, the renewal application must be submitted to CMS at least 90 days prior to the expiration date of this waiver, which is December 4, 2003. Any temporary extensions will only be granted by CMS under exceptional circumstances at the discretion of the CMSO Director's office.

Please contact me or Carol Crimi of my staff at (206) 615-2515 if additional assistance is required.

Sincerely,
/ s /

Karen S. O'Connor
Assistant Regional Administrator
Division of Medicaid and Children's Health

Enclosure

cc: Theresa Pratt, CMS Central Office
Karl Brimner, Director, Mental Health Division, DSHS

Drafter: Crimi
Date: October 7, 2003
FileName:RAIWaiverAmend10_03.doc
Final: Jo 10/8/03
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**CMS COMMENTS ON THE WASHINGTON INTEGRATED COMMUNITY
MENTAL HEALTH SERVICES WAIVER AMENDMENT REQUEST**

Regulatory Requirements at 42 CFR 438

1. The State has requested several waivers of the Balanced Budget Act of 1997 (BBA) managed care regulation for the Integrated Community Mental Health Services Program authorized under section 1915(b) of the Social Security Act (the Act). Specifically, the State has requested authority to waive regulatory requirements found in 6 sections of 42 CFR 438: information requirements, non-competitive procurement, choice, disenrollment, External Quality Review Organization (EQRO) and practice guidelines. CMS anticipates waiver approval of the following sections of the regulation based upon the fact that the proposed alternative would “meet or exceed” the intent of the regulation as stated in the regulation Preamble p. 40994.
 - a. Section 438.52 Choice: Since all individuals eligible for Medicaid are mandatorily enrolled in a single Prepaid Inpatient Health Plan (PIHP) in their catchment area, waiver of this section will be granted.
 - b. Section 438.52 Non-competitive Procurement: Since this waiver program currently operates as a county based system with the Regional Support Networks having the first opportunity to contract to operate as PIHPs for outpatient mental health services and community mental health inpatient services, waiver of this provision will be granted. However, a full justification for this arrangement, which includes exemption of procurement regulations, must be provided to CMS upon the next waiver renewal.
 - c. Section 438.56 Disenrollment: Since all individuals eligible for Medicaid are mandatorily enrolled in this waiver program, these provisions do not apply and therefore a waiver will be granted.

In response to a previous request by the State for authority to waive information requirements, the CMS advised the State, in writing, that their proposal does not meet the intent of the information requirements in the regulation. Determinations regarding requests for waiver authority that are not listed above have not yet been made. However, the State must have a contingency plan in place and implement any regulatory requirements for which it has requested waiver authority, but for which that authority has not been granted by the CMS. Please provide a detailed contingency plan to be followed by the State assuring compliance with all regulatory requirements for beneficiary information, EQRO and practice guidelines. This contingency plan should also include a status report of the State’s compliance with the relevant regulatory requirements to date.

2. The State plan services must be consistent between all documents and sections of the waiver renewal, state plan, rate development, and the contract that cover the same time period. Please revise the Table of Services for accuracy.
3. Please provide the necessary revisions to the Appeals, Grievances, & Fair Hearings section in order to meet all relevant regulatory requirements. Please also submit a

flow chart and written summary that demonstrates the State's compliance with this section of the regulation, along with samples of the beneficiary information materials, and any other relevant policies and procedures which support compliance with this requirement.

4. Further clarification is needed regarding categories of Medicaid eligibles included and excluded from this waiver program. Specific populations to be addressed include all categories of dual eligibles, as well as individuals identified with the State's S, P and Z codes.
5. To supplement the provided map in terms of clarity, please include a list of the counties in which each PIHP operates.
6. Specification is needed for a benchmark timeframe for completion of the intake assessment. Since the rest of the service provision is linked to this, there is no way to measure the timeliness of service provision without specification of an expected timeframe for the intake assessment.
7. CMS and the State have agreed that all enrollees in this program are considered persons with special health care needs. Please revise Section F of the application to meet all regulatory requirements for this population.
8. Please explain how psychiatric pharmaceuticals are monitored in this program.
9. Revision of Section H is needed so that the cost sharing item marked "N/A" is revised and checked to indicate that the appropriate information on this item is provided to enrollees.

Financial

10. Please submit to CMS for prior approval, the WA Integrated Community Mental Health Services contract, rate methodology and certification of actuarially sound rates, in accordance with 42 CFR Part 438, to demonstrate it is in full compliance with the Medicaid Managed Care regulations.
11. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by states for services under the approved State Plan. To ensure that program dollars are used only to pay for Medicaid services, we are asking Washington to confirm to CMS that the WA Integrated Community Mental Health Services program retains 100 percent of the payments. Does the WA Integrated Community Mental Health Services program retain all of the Medicaid capitation payments and not participate in such activities as intergovernmental transfers or certified public expenditure payments, including the Federal and State share; or, is any portion of any payment returned to the State, local governmental entity, or any other intermediary organization? If the WA Integrated Community Mental Health Services program is required to return any portion of any payment, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete listing of the amount or percentage of payments that are returned and the disposition and use of the

funds once they are returned to the State (ie, general fund, medical services account, etc.)

12. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state's share of the Medicaid capitation payment for the WA Integrated Community Mental Health Services program is funded. Please describe whether the state's share is from appropriations from the legislature, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Please provide an estimate of total expenditures and State share amounts for the Medicaid capitation payment. If any of the state share is being provided through the use of local funds using IGTs or CPEs, please fully describe the matching arrangement. If CPEs are used, please describe how the state verifies that the expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b).
13. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to the WA Integrated Community Mental Health Services program.
14. Do any of the capitation payments to the WA Integrated Community Mental Health Services program exceed the amount certified as actuarially sound as required under MMC regulations at 42 CFR 438.6(c)? If so, does the State recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?